



Testimony on House Bill 5370

Submitted by Suzanne Bates, Policy Director

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Good afternoon. My name is Suzanne Bates. I am the policy director for the Yankee Institute for Public Policy, a Connecticut-based free market think tank.

I am here to express our opposition to House Bill 5370.

All jobs are valuable. A job doesn't just provide an income, a job also provides a person with stability, a sense of accomplishment and a sense of self-worth.

If you raise the minimum wage to \$15 an hour, Connecticut will lose jobs – especially entry level jobs. Numerous studies show this. In December, the Federal Reserve Bank of San Francisco released a study that showed that teens and low-skilled workers are most affected, meaning most likely to remain unemployed, when the minimum wage increases.

There are also several studies that show that families that aren't poor receive many of the benefits of a minimum wage increase. Professor David Neumark of the University of California Irvine published a study that showed that only 18 percent of a minimum wage increase would go to poor families, while 29 percent would go to families who earn an income at least three times the poverty level.

Many of our residents are poor because they can't find a job, not because of the wage they're paid.

And poor families are hit twice by a minimum wage increase – once because of the loss of jobs, and a second time because of price increases for goods and services. If the minimum wage went up to \$15 an hour, prices for items such as a hamburger or our food could go up by as much as 22 percent, according to a study published by the Manhattan Institute. Who will bear the brunt of these higher food costs? Those who are already struggling the most to make ends meet.

Professors from American University and Cornell University show that minimum wage increases have no effect on the poverty rate – meaning this is not the way to lift people out of poverty.

While economists are somewhat split about small, incremental changes to the minimum wage, most express reservations about a large increase to \$15 an hour.

Yale University Professor Christopher Udry said, when asked about what effect a \$15 an hour minimum wage would have on the workforce, “For small changes in min wage, there are small changes in employment. But this is a big change.”

A survey of small business owners by NFIB show they are much less likely to hire low-skill workers when the minimum wage is high.

What does all this research show? That a \$15 an hour minimum wage would hurt job growth in Connecticut, and that it would affect young and low-skilled workers the most.

We cannot afford to lose jobs in Connecticut. Minimum wage jobs are also entry level jobs – they help young and low-skilled workers get on the first rung of the ladder to success. When you reduce the number of jobs available, you take that first rung away from people who want to climb out of poverty.

There are other policy options besides increasing the minimum wage that could have a greater impact on entry level workers. In particular, strengthening the state’s Earned Income Tax Credit, while reducing other benefit programs, would target assistance to those who need it most. The EITC also rewards work, creating positive incentives for individuals that could help our economy as a whole.

We understand that people want to be rewarded for their hard work. The best way to help this happen is to grow the economy in Connecticut. Because our economy is stagnating, we find ourselves fighting over a shrinking pie. Instead let’s focus on ways to grow the economy and to bring good jobs back to Connecticut. Let’s focus on job training, education, and creating a positive environment for small and large businesses alike.

For all of these reasons I encourage you to oppose this bill.

Thank you.